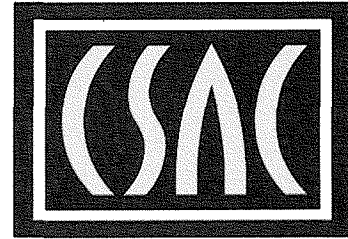




County Welfare Directors Association of California
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Sacramento, CA 95814
(916) 443-1749



California State Association of Counties
1100 K Street, Suite 101
Sacramento, CA 95814
(916) 327-7500

July 6, 2009

To: Honorable California Legislative Leaders

From: Frank J. Mecca, CWDA Executive Director
Kelly Brooks, CSAC Legislative Representative

Re: Governor's Contradictions about CalWORKs Success

Much has been said lately regarding waste, fraud, and abuse in social services programs. Counties are staunchly committed to operating high quality and efficient programs, rooting out fraud and abuse, and ensuring that only people who are entitled to services receive them. There are numerous existing state and county efforts in all programs to achieve those goals and we stand ready to work with the Legislature and Governor to further them.

However, there been much misinformation and inaccuracies provided in statements made to the press, which paint a distorted picture of the success of these programs. Attached is a document that excerpts a significant amount of correspondence between the Governor and the federal government demonstrating that his recent statements contradict his longstanding positions on the success of CalWORKs and flaws in federal measures.

Counties welcome the opportunity to work with the Legislature and the Administration to build upon our current efforts to maximize efficiencies and eliminate waste, fraud, and abuse in social services programs, while maintaining program quality and access. However, these efforts should be based in facts and reality rather than anecdotes and misinformation.

Please do not hesitate to contact us if you have any questions regarding this memo.

Governor's Recent Statements on CalWORKs Contradict His Long-Standing Positions
on the Program's Success and Flaws in the Federal Work Measures

“Concerns with the TANF Final Rule are not unique to California...The regulatory changes...clearly undermine the intent of Congress to broaden states’ administrative flexibility. Resolving these issues must be a top priority for California. I would like to work with you to ensure that our state maintains the flexibility that will enable us to build upon the successful efforts that have moved over 400,000 cases beyond public assistance in California since 1996.”

(From a letter to Senator Dianne Feinstein and the California Congressional Delegation from California Health and Human Services Secretary Kimberly Belshe urging the preservation of federal flexibility in TANF, September 3, 2008.)

“In addition, the final regulations maintain an ‘all or nothing’ approach to county work participation, establishing minimums of 30 hours/week for single-parent families and 35 hours/week for two-parent families. This is counter to the work-first approach of federal welfare reform as it discounts the valid efforts of TANF participants who may not be meeting the minimum hours, but are making progress toward self sufficiency.”

(From a letter to Senator Dianne Feinstein and the California Congressional Delegation from California Health and Human Services Secretary Kimberly Belshe urging the preservation of federal flexibility in TANF, September 3, 2008.)

“Further, the requirement that states meet a 90 percent work participation rate for two-parent families conflicts with the TANF program’s other goals to promote marriage and strengthen two-parent families. Two-parent families face the same barriers as other TANF families and should be treated consistently and equitably.”

(From a letter to Senator Dianne Feinstein and the California Congressional Delegation from California Health and Human Services Secretary Kimberly Belshe urging the preservation of federal flexibility in TANF, September 3, 2008.)

“We have implemented numerous efforts and policy changes focused at increasing engagement and work participation. These efforts are continual; however, achieving outcomes take time and, in some cases, years to fully benefit persons still on the welfare rolls.”

(From a letter to the Administration for Children and Families (ACF) from California Department of Social Services (CDSS) Director John Wagner introducing CDSS comments on proposed new federal rules, September 26, 2008.)

“California has made a number of improvements to our state’s TANF program in an effort to strengthen the ‘work focus’ of our program and increase work participation among our TANF recipients. The recent recalibration of the base year for caseload reduction credit essentially erased nearly a decade of success California achieved in moving families from welfare to work, and had a crippling effect on our state’s ability to meet the federal WPR.”

(From a letter to the Administration for Children and Families (ACF) from California Department of Social Services (CDSS) Director John Wagner introducing CDSS comments on proposed new federal rules limiting excess Maintenance of Effort expenditure flexibility, September 26, 2008.)

“Although California has been successful in moving families off the welfare rolls, due to this substantial caseload decline, much of the caseload left on aid appear to be individuals who face significant barriers to employment and who require more services to address and remove those barriers. In addition, the dynamics of how we serve our caseload has changed. The strengthened ‘work focus’ requires California to provide more case management and supportive services, including child care, to aided and former TANF individuals in order to enable these individuals to participate or continue working.”

(From CDSS comments to ACF on proposed new federal rules limiting excess Maintenance of Effort expenditure flexibility, September 26, 2008.)

“Current projections also indicate that more families will need assistance due to the adverse impact of the weak economy (i.e., increased unemployment, home foreclosures, rising food costs and fuel prices). While California will continue to make every effort to increase work participation rates, the projected rising caseload will result in further financial strain on the state’s TANF program.”

(From CDSS comments to ACF on proposed new federal rules limiting excess Maintenance of Effort expenditure flexibility, September 26, 2008.)

“California is dedicated to moving families to work and toward self-sufficiency, and this is evidenced by the success our state has achieve in connecting individuals to jobs and reducing our caseload by almost 50 percent since the start of the TANF program. Although it has become more challenging to meet the target work participation rates since TANF Reauthorization, the imperative of the DRA is a serious priority for our state.”

(From CDSS comments to ACF on proposed new federal rules limiting excess Maintenance of Effort expenditure flexibility, September 26, 2008.)

“California has implemented numerous new strategies and state policy changes focused on reengaging our sanctioned and non-compliant families as well as working with those who are partially participating to achieve the full level of participation required. With our renewed efforts at fully engaging all able-bodied adults we anticipate positive outcomes in this arena in the years to come.”

(From CDSS comments to ACF on proposed new federal rules limiting excess Maintenance of Effort expenditure flexibility, September 26, 2008.)

The work participation rate, however, is just one requirement and important goal of the program. Maintaining state spending on programs that support families is another.”

(From CDSS comments to ACF on proposed new federal rules limiting excess Maintenance of Effort expenditure flexibility, September 26, 2008.)

“Although California is receiving the same block grant amount for a substantially smaller caseload, the reality is that the costs to serve our caseload have increase considerably over the years. This is partially attributed to the strentthened ‘work’ emphasis of the program and the rising costs of providing necessary services to

enable recipients to participate. However, this is also attributed to the overall rising costs of living and costs of doing business in our state.”

(From CDSS comments to ACF on proposed new federal rules limiting excess Maintenance of Effort expenditure flexibility, September 26, 2008.)

“The well-being of families is California’s utmost concern and mission. The potential loss of discretionary state spending on low-income families and other needy populations is inconsistent with the goal of California’s TANF program as well as the goals of PRWORA.”

(From CDSS comments to ACF on proposed new federal rules limiting excess Maintenance of Effort expenditure flexibility, September 26, 2008.)

“At this juncture, we would encourage ACF to evaluate whether it will be creating a more level playing field that support states in their efforts to assist families to achieve self-sufficiency or will be setting up a system that instead encourages state to adopt harsh restrictions on eligibility or to create solely state funded programs in order to remove families from the federally counted caseload who cannot possibly meet federal participation standards. We believe that this should not be the intention of ‘reform.’”

(From a letter to ACF from Interim CDSS Director Cliff Allenby introducing CDSS comments on proposed new ACF rules related to the reauthorization of TANF, August 25, 2006.)

CalWORKs Work Participation Fact Sheet
July 1, 2009

- **Most adults in the CalWORKs program are participating.**
 - 50% of work-required families have employment earnings.
 - 65% of work-required adults are participating.
- **The federal WPR is a flawed measure that does not reflect client participation or program success.** Among its many flaws:
 - **WPR excludes part-time work, and ignores the reality of low-wage jobs.** The WPR is an “all or nothing” measure that does not give any credit for partial participation. Many clients work part-time, and have little control over work hours and schedules. They may not get enough hours to consistently meet WPR every month.
 - **WPR is only a point-in-time measurement; viewing participation over time shows the overwhelming majority of clients are engaged.** Just because a client is not participating in a given month does not mean they are disengaged; that client could be employed the very next month. For example, over a nine-month period Riverside County found 87 percent of clients participated.
- **California is doing about as well as other states on the WPR; in fact, half of the states are not meeting federal WPR requirements.** Our WPR was 22 percent in 2007; although the federal government has not released figures for other states, we understand that half of the states did not meet the WPR requirements. We also understand that our rate is close to the national average, and similar to other large states such as Indiana, Ohio, Michigan, and Washington.
- **The Administration has repeatedly and consistently acknowledged the WPR is a flawed measure.** More specifically, the Administration characterized the current federal scheme as “setting up a system that ... encourages states to adopt harsh restrictions on eligibility or to create solely state funded programs in order to remove families from the federally counted caseload who cannot possibly meet federal participation standards. We believe that this should not be the intention of welfare ‘reform.’ ”
- **The Governor contradicts himself when he acknowledges the poor economy is driving CalWORKs caseload up, but also says CalWORKs cuts are needed to balance the state’s budget.**
 - **In this severe recession with sky-high unemployment, CalWORKs grants and employment services are needed now more than ever.** Many families who have never before applied for assistance are unemployed and

applying for CalWORKs. Just when the services are most needed is exactly the wrong time to scale back the program.

- **The federal government supports efforts to maintain grants and services.** ARRA provides significant incentives to states to keep families on the program, and acknowledges the WPR requirements should be adjusted in the current economy.
- **CalWORKs provides \$7.1 billion in badly-needed economic stimulus for the state.** A recent study by Beacon Economics found that \$1 in state spending on CalWORKs generates \$7.35 in economic output. CalWORKs generates a total of \$7.1 billion in economic output, 137,000 jobs, and \$130 million in sales tax revenues.
- **The Administration has acknowledged the success of the CalWORKs program and that the WPR does not reflect the significant accomplishments of the program.**
 - **As recently as September 2008, the Administration noted the “successful efforts that have moved over 400,000 cases beyond public assistance in California since 1996.”**
 - **CalWORKs is a successful policy model for increasing work and self-sufficiency, while maintaining a safety-net for low-income children.** Over 400,000 families across the state (almost half the caseload) have left aid and become self-sufficient since welfare reform began in 1997. In addition, more adults on aid are working, and they are earning more under CalWORKs.
 - **Welfare reform has transformed CalWORKs to a temporary assistance program, where the average time on aid is less than two years.**

State of California HEALTH AND HUMAN SERVICES AGENCY



KIMBERLY BELSHÉ
SECRETARY

September 3, 2008

The Honorable Dianne Feinstein
U. S. Senate
331 Hart Senate Office Building
Constitution Avenue & 2nd St NE
Washington, DC 20510

Dear Senator Feinstein:

I am writing to gain your support to preserve the federal flexibility that is critical to efforts that have enabled states to successfully move families from poverty to self-sufficiency. Regulatory changes made this year by the Department of Health and Human Services (HHS) will severely curtail California's ability to administer our CalWORKs program in a manner that best suits the diverse needs of the participants and will further result in hundreds of millions of dollars in fiscal penalties and adverse budgetary consequences to our state.

As you are aware, in February 2008 HHS issued its final interpretation of the Deficit Reduction Act (DRA) of 2005, which governs the Temporary Assistance to Needy Families (TANF) Block Grant, administered as CalWORKs in California. California expects to lose \$770 million in countable maintenance of effort (MOE) annually resulting from these regulations and incur significant federal penalties

In order for states to receive the TANF block grant, they must guarantee a minimum state expenditure, or MOE. States must also ensure that recipients of cash benefits participate at a minimum rate in welfare-to-work activities, known as the work participation rate (WPR). States receive credit for "excess MOE" spending, which is applied towards caseload reduction credit and work participation rate calculations. California's total MOE is approximately \$2.9 billion per year.

The DRA expanded the scope of state spending under TANF purposes three and four (reducing the incidence of out-of-wedlock pregnancies, and encouraging the formation and maintenance of two-parent families) that can count toward the MOE requirement, to allow expenditures on individuals and families regardless of income so long as the expenditures met the intent of purposes three and four. However, the final HHS regulations impose a new and restrictive reading of the statute, stating that MOE spending for programs that achieve purposes three or four can only apply to "eligible families" or to the narrow "*Healthy Marriage Promotion and Responsible Fatherhood*" grant provisions enumerated in the new Healthy Marriage Promotion and Responsible Fatherhood Grant set forth by the DRA. I share the view of many who find that HHS' new interpretation is inconsistent with the law and the intent of Congress.

In addition, the final regulations maintain an "all or nothing" approach to counting work participation, establishing minimums of 30 hours/week for single-parent families and 35 hours/week for two-parent families. This is counter to the work-first approach of federal welfare reform as it discounts the valid efforts of TANF participants who may not be meeting the minimum hours, but are making progress toward self sufficiency. I believe states should receive partial credit for those individuals who are working part of the required hours to meet the federal standard.

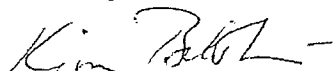
Further, the requirement that states meet a 90 percent work participation rate for two-parent families conflicts with the TANF program's other goals to promote marriage and strengthen two-parent families. Two-parent families face the same barriers as other TANF families and should be treated consistently and equitably. I urge that a flat rate of 50 percent for all families be established and that the separate, inequitable rate for two-parent families be abolished.

Finally, HHS is taking additional steps to limit state flexibility over TANF. Just released is a new program instruction that will negatively impact states, including California, that have implemented or proposed TANF diversion or pre-assistance programs to help applicants secure employment and avoid traditional welfare program assistance. Additionally, on August 8 HHS proposed regulatory changes to eliminate a state's ability to receive credit for excess MOE. Both of these recent actions are problematic for states and make it increasingly difficult for states to help people achieve self sufficiency, improve their programs, achieve WPR targets, and avoid fiscal penalties.

Concerns with the TANF Final Rule are not unique to California, which stands to lose \$770 million in MOE-countable expenditures this year alone. Twelve other states including Florida, Massachusetts, Michigan and Ohio will be impacted severely by the HHS regulatory decision and also stand to lose hundreds of millions of dollars in countable MOE combined. As part of the National Governors Association and the American Public Human Services Association, California has actively pursued a comprehensive and bipartisan approach to implement TANF reform in a manner that will bring the greatest success to families in need, as well as to the states and federal government. However, the regulatory changes discussed above clearly undermine the intent of Congress to broaden states' administrative flexibility. I ask your support to help us achieve these important objectives through Congressional action to re-emphasize the original intent of Congress that states retain the administrative flexibility to best help low-income families achieve self-sufficiency through work.

Resolving these issues must be a top priority for California. I would like to work with you to ensure that our state maintains the flexibility that will enable us to build upon the successful efforts that have moved over 400,000 cases beyond public assistance in California since 1996.

Sincerely,



KIMBERLY BELSHÉ
Secretary



Herd: Welfare as we knew it

Proposed cuts would take California back

By Timm Herdt
Wednesday, July 8, 2009

For all his talk in recent days about the need to improve efficiency, it's good to know that Gov. Arnold Schwarzenegger's administration believes there is one program that has been delivering what it promises.

In comments to federal officials last fall, the California Department of Social Services had this to say about the performance of CalWORKS, the state's welfare-to-work program: "California is dedicated to moving families to work and toward self-sufficiency, and this is evidenced by the success our state has achieved in connecting individuals to jobs and reducing our caseload by almost 50 percent since the start of the TANF program."

"TANF" is the acronym for Temporary Aid to Needy Families, the much-heralded federal program created by President Bill Clinton in 1996 with the goal of "ending welfare as we know it."

It has, by all accounts, largely succeeded.

After the first 10 years of the program in California, state spending on welfare declined by 7.6 percent, without adjusting for inflation. As a percentage of the state budget, spending on welfare fell by more than half, from 6.8 percent to 3.3 percent.

The focus on requiring recipients to prepare, train and look for work — and on providing support services such as child care during the transition — turned out to be much more effective than the old system, Aid to Families with Dependent Children, that consisted mainly of providing families with a monthly check.

In California, more than 400,000 families, chiefly those headed by single mothers, have transitioned off public assistance since the program's inception. Today, half of all adults in the program have at least some employment earnings.

Frank Mecca, executive director of the County Welfare Directors of California, calls welfare-to-work "the most successful policy experiment in the last 70 years." But now that the state budget is being squeezed, Schwarzenegger is not only calling for severe funding cuts in CalWORKS, he has also taken recently to publicly trashing the program his administration was so proud of just nine months ago.

In an Op-Ed essay published last week in the Los Angeles Times, the governor wrote that only 22 percent of recipients are "meeting minimum program requirements. That means that 78 percent aren't trying to get off their feet at all. They're not working, not looking for work, not seeking job training, not performing community service and not pursuing an education."

The folks who actually run the program — county officials — are bewildered over Schwarzenegger's

new perspective.

“The governor’s recent criticisms are puzzling and largely incorrect,” Mecca said Tuesday.

Kelly Brooks, a lobbyist for the California State Association of Counties, noted that the figures Schwarzenegger cites are from federal data that his administration has “repeatedly and consistently” complained are misleading and unfair.

Last fall, Kim Belshé, Schwarzenegger’s Health and Human Services secretary, argued in a letter to U.S. Sen. Dianne Feinstein that the way the federal government calculates compliance with work-participation rules “discounts the valid efforts of TANF participants who may not be meeting the minimum hours, but are making progress toward self-sufficiency.”

The problem is, county officials argue, that federal rules exclude part-time work and ignore the reality of low-wage jobs. A CalWORKS recipient who might work 36 hours one week but her boss assigns her only 28 hours the next week is counted among Schwarzenegger’s 78 percent deadbeat ratio if the federal work-participation snapshot is taken during her 28-hour work week.

How much of a difference can it make to take a longer view? Riverside County analyzed its caseload over a nine-month period and discovered 87 percent were participating in work requirements.

Facing a \$26 billion budget shortfall, it is inevitable that there will be cuts in the CalWORKS program. That will likely mean the elimination of some work-training and child-care services, making it less likely recipients will succeed in finding and maintaining jobs.

That would mean a return to welfare as we knew it — with social workers doing little more than processing paperwork and sending out benefit checks.

It would be worse than a return to the bad old days, said Mike Herald of the Western Center on Law and Poverty.

“Under the governor’s proposals, after two years, they’d be off,” Herald said. “That would lead to massive homelessness and children being destitute. This is actually worse than AFDC.”

It is a bleak prospect, one that Schwarzenegger asserts is unavoidable given the scale of California’s budget problems. But if the governor is going to suggest such massive cuts, he should own up to what the consequences of his proposals would be, rather than try to scapegoat the poor.

— *Timm Herdt is chief of The Star state bureau. His political blog “95 percent accurate*” is at <http://www.TimmHerd.com>.*



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Governor's Budget Proposals: Myths and Facts

As William O. Douglas said, "The way to combat falsehoods is with truth." In the past week, Governor Schwarzenegger has begun to repeatedly use the provocative terms "waste, fraud and abuse" to describe the CalWORKs and IHSS programs, in an attempt to justify and gain public support for his proposals in these program areas. His July 3 op-ed in the Los Angeles Times was riddled with myths, inaccuracies, and grossly overstated savings estimates for his proposals. In this document, we provide the facts that rebut the Governor's claims.

CALWORKS

MYTH: "Of the approximately 525,000 cases that currently involve cash assistance from CalWORKs, only 22% are meeting minimum program requirements. That means 78% aren't trying to get on their feet at all. They're not working, not looking for work, not seeking job training, not performing community service and not pursuing an education." (Op Ed, 7/3/09)

FACT

- 50% of work-required adults have employment earnings, and 65% of work-required adults participate in some type of work or education activity.
- The Governor references a flawed measure, the federal Work Participation Rate (WPR), which does not reflect client participation or program success. Among its many flaws:
 - *The WPR excludes part-time work, and ignores the reality of low-wage jobs.* The WPR is an "all or nothing" measure that does not give any credit for partial participation. Many clients work part-time, or in retail, and have little control over work hours and schedules. They may not get enough hours from their employer to consistently meet the WPR every month.
 - *The WPR is only a point-in-time measurement; viewing participation over time shows the overwhelming majority of clients are engaged in activities to help them move to work.* Just because a client is not participating in a given month does not mean they are disengaged; that client could be employed the very next month. For example, over a nine-month period Riverside County found 87 percent of clients participated.
 - *Bush Administration changes to the WPR give no credit for the substantial caseload declines since the Program's inception.* CalWORKs caseload declined by 50% from 1997 to 2007, yet states get little credit for such declines, due to 2006 federal changes.
- The Governor cites WPR data from 2007—more recent data indicates the WPR is now significantly higher, despite the increase in families receiving assistance due to the recession. For example, the most recent data from Los Angeles shows a WPR of over 40 percent.
- ***The Administration has repeatedly and consistently acknowledged the WPR is a flawed measure and as recently as September 2008, noted the "successful efforts that have moved over 400,000 cases beyond public assistance in California since 1996."***

MYTH: Making every CalWORKs recipient participate in “self sufficiency reviews” twice a year will save \$850 million over the next two budget years, and ultimately \$1.5 billion per year. (Op Ed, 7/3/09)

FACT

This statement is simply wrong. The Administration’s own May Revision indicated the self sufficiency reviews would save about \$185 million over two years, and \$100 million annually. However, ***the Governor does support cutting current grant levels and slashing welfare-to-work services in ways that would further impoverish children, increase homelessness and decimate the very programs that have been so successful in moving clients in to the workforce.***

MYTH: The CalWORKS Program is fast growing and contributing to the budget deficit. Therefore, it should be cut.

FACT

CalWORKs is not a “budget problem” for the state, and should not be a budget target. Since its inception, CalWORKs has contributed over *\$12 billion* to the state General Fund. This savings has been achieved by shifting federal TANF and state Maintenance of Effort funds to non-CalWORKs programs, enabling the state to spend less General Fund. Further, CalWORKs brings \$3.9 billion in federal funds to the state, and provides an important boost to the state’s economy, generating \$7.1 billion in economic output, 137,000 private and public-sector jobs, and \$130 million in sales tax revenues.

ELIGIBILITY OPERATIONS

MYTH: The current eligibility process for Medi-Cal is “pen-and-paper” and handled by 27,000 workers “scattered” throughout the state’s 58 counties. (Op Ed, 7/3/09)

FACT

- After 20 years of repeated and failed attempts by the State to bring automation to the Medi-Cal, CalWORKs and Food Stamps programs, California counties successfully developed and implemented automation in all 58 counties.
- Counties and the state are already working to use technology to streamline application for programs. For example, individuals can already apply for Food Stamps online in five counties, expanding to all counties over the next year. Concurrently, on-line integrated access to Medi-Cal, CalWORKs, and the County Medical Services Program (CMSP) will be added for 39 counties. Counties will continue to add on-line services as funding permits.
- Counties and the Administration are working on a project to allow on-line application for a whole variety of health and human services programs. The Governor curiously fails to acknowledge this fact in his OpEd.

- The staffing number used by the Governor includes not just eligibility, but also employment services workers who help people move from welfare to work.

MYTH: Centralizing and modernizing eligibility would save \$500 million a year. (Op Ed, 7/3/09)

FACT

- The savings figures are overstated, as they have been every time this proposal or a variant of it has been put forth, ***and an accounting of the upfront costs and likely actual savings of this proposal has never been provided.***
 - Eligibility costs are driven by complex program rules, not the counties.
 - The Administration's math assumes that Medi-Cal, Food Stamps, and CalWORKs can be compared to the Healthy Families program, which is a nonsensical, apples-to-oranges comparison.
 - The Governor's proposal would substantially add the budget deficit, as it would duplicate existing automation and would likely not be eligible for federal funding.
- ***Based on the experiences of other states, these savings will not materialize.***
 - Projects in Texas, Indiana, Wisconsin, Ohio, and the District of Columbia, to name a few, provide recent examples of cost overruns and overcharges across multiple human services programs.
 - In Texas alone, the state was promised \$600 million in savings that never materialized. The Texas Comptroller advised the Legislature that "this project has failed the state and the citizens it was designed to serve" and called the plan a "perfect story of wasted tax dollars, reduced access to services and profiteering at taxpayers' expense."
- California spends less than other states to administer these programs. The most recent federal claims data shows that California's Medicaid administrative cost per recipient is well below Pennsylvania and Tennessee, and is right in line with Illinois and New York.

MYTH: A centralized, statewide eligibility automation system is a "simple fix." (Op Ed, 7/3/09)

FACT

- The Administration's ability to implement a large, complex welfare automation project is highly questionable. The current successful multi-consortia, county-led approach was developed and enacted by the Legislature after 20 years of failed state attempts. The only successful welfare automation ever achieved in the State resulted from the county-led efforts. State attempts to automate similar services have either failed or taken extended periods of time to complete, at a substantially greater cost than originally estimated. There is no reason to believe that the proposed effort would be any different.
- The Administration contends that automation of these programs could be accomplished in 3 years, but complex automation projects, such as the one proposed, typically take at least five years and

often much longer. As an example, the state-run CMIPS II project began nine years ago and will not begin implementation until spring 2010 – and this is a simple project in comparison to the one proposed. Experiences in other states, such as Texas, reinforce the complexity, time, and expense involved in such an endeavor.

MYTH: The programs being considered for centralized, privatized eligibility are fraught with errors.

FACT

The State is not penalized for Medi-Cal errors, and the current error rate is low. Food Stamp error rates have been low for a number of years following collaborative efforts between the state and counties to reduce errors. The state actually received bonuses from the USDA in recent years based on its improved Food Stamp performance. There is no national error rate for CalWORKs, but a recent review of a sample of states found California to make fewer errors than the other large states that were studied.

MYTH: Centralizing and privatized eligibility is good for clients and will improve customer service.

FACT

- There is no evidence that centralized, privatized eligibility improves customer service, which is why ***every major client advocacy organization has come out in opposition to the proposal.*** In fact, the results in other states show *worse* customer service. In just the first four months of the Texas project, more than 100,000 children lost their health coverage. In Indiana, the most recent example of failed privatization, major media outlets and many legislators have called for a halt to the process and the state has responded by voluntarily stopping implementation in a majority of counties.
- Failed privatization continues to harm clients. After Texas terminated its contract with the Texas Access Alliance, it had difficulty staffing back up to meet demand, with people seeking benefits bearing the brunt of the problem. Offices were understaffed and calls went unanswered, leading the Fort Worth Star-Telegram to conclude “the ringing phones are fallout from a major experiment in state government that nearly everyone involved calls a disaster.”

IN-HOME SUPPORTIVE SERVICES

MYTH: “Grand juries in six counties have found that the program has no safeguard against fraud. Care providers are able to collect state checks under aliases, and some providers bill the state for far more hours than they worked – with no oversight.” (Op Ed, 7/3/09)

FACT

- The IHSS Program has numerous safeguards against fraud, including a state and county-level IHSS Quality Assurance (QA) Initiative enacted in a bi-partisan agreement in 2004. Counties have dedicated QA staff performing desk reviews and home visits of recipients and providers, according to state-established guidelines, looking specifically for potential fraudulent activity and adequacy and quality of care issues. In addition to these reviews, the counties perform more in-depth or

"targeted" case reviews that focus on specific issues or cases which may be problematic or signal potential fraud.

- In addition to the QA activities, IHSS providers must complete an enrollment process that requires the provider to submit a valid social security number and in some cases undergo a criminal background check for enrollment as a registry provider. Timesheets are signed by both the consumer and the provider verifying that services were rendered. The service hours can never exceed the amount authorized by an IHSS social worker to meet the client's needs for care. Additional efforts to combat fraud through the use of technology are planned with the release of CMIPS II, beginning in Spring 2010.

MYTH: "Requiring background checks of providers and hiring more fraud investigators could save the state hundreds of millions of dollars this year alone." (Op Ed, 7/3/09)

FACT

- This statement is wrong. The Administration's own May Revision estimates savings to be \$100 million, and even this figure is grossly overstated.
- The incidence of IHSS fraud is overstated. According to 2006-07 results of state/county QA efforts, of the nearly 24,000 total cases reviewed, only 523 were referred for further investigation for potential fraud – just 2%. County data of actual fraud referrals shows even fewer potentially fraudulent cases, including Los Angeles County with less than 1% of cases over a three-year period referred for fraud.
- The Governor's proposal would add a new bureaucratic layer to state government at a taxpayer cost of over \$3.4 million to combat an exaggerated problem. ***Building on successful current efforts and investing into local QA programs is more cost-effective and efficient way to enhance program integrity.***

MYTH: The IHSS Program pays unscrupulous people to provide substandard care, endangering clients, even leading to death. "In San Luis Obispo County, a 20-year-old drug abuser who was the sole caretaker for his seriously disabled father provided such poor care that, according to the grand jury in that county, the father frequently had bedsores, he was not properly cleaned, adult protective services had to be called in and, ultimately, he died before he was 60 years old. Incredibly, the son was being paid by the state, through the In-Home Supportive Services Program, for this substandard care." (Op Ed, 7/3/09)

FACT

- Catching unscrupulous providers in the IHSS program requires good case management by trained social workers. Unfortunately, ***the Governor has consistently grossly underfunded the case management oversight in the program throughout his tenure.*** His budgets fund less than the bare minimum of case oversight -- just over 8 hours per year per client to perform a number of activities, including client intake, assessment, provider enrollment, timesheet processing, and overall case monitoring. IHSS social workers often can't get out to see their clients more than once a year. To

make matters worse, the Governor permanently cut county IHSS budgets by another \$15 million in 2008-09.

- Elder and dependent adult abuse is a crime and is not tolerated in the IHSS Program. IHSS staff works closely with county Adult Protective Services (APS) programs to help keep elderly and disabled adults safe. However, county APS programs are critically depleted, ***and the Governor has made the situation worse***. APS was never fully-funded, and despite the fact that reports of abuse and neglect have grown by nearly 40% since 2000, The Governor has never increased the funding to keep up with the workload. He has vetoed legislative augmentations to the program, slashing another \$11.4 in 2008-09.